

## **No Bonuses for Tax Cheats Act**

In April of 2014, the Treasury Inspector General for Tax Administration (TIGTA) issued a report that found the Internal Revenue Service (IRS) had paid \$2.8 million in bonuses, as well as tens of thousands of hours of leave and hundreds of pay-step increases to employees who were tax delinquent or had committed serious misconduct, including fraud and drug use. More recently, in their April 2015 report, TIGTA found “108 of 364 employees with willful tax noncompliance cases closed between October 1, 2008 and September 30, 2013, received one or more awards, promotions, quality step increases or Voluntary Separation Incentive Payments within one year after being disciplined for the tax noncompliance.” Instead of facing termination as provided under existing federal law, these employees who deliberately did not pay their taxes received almost \$145,000 in performance awards, nearly 900 hours in time-off awards, and numerous other temporary and permanent promotions.

While the IRS does have systems in place to identify misconduct, that system has not been incorporated into the bonus award system. If the American people are going to trust the IRS to administer the tax code, the agency needs to get its own house in order. Employees who choose not to follow the law are a threat to the integrity and mission of the IRS, and they should not be sheltered or rewarded in any way.

- The bill would instruct the Secretary of Treasury to withhold bonuses, including quality step increases, from any employee who is seriously delinquent on his taxes or for whom there is substantial evidence of misconduct.
- The definition of “misconduct” is drawn directly from the behaviors identified in the TIGTA report, which is based on behavior the IRS internally identifies as serious misconduct.
  - Misuse of government travel charge card;
  - Violation of section 1203(b) of the Internal Revenue Service Restructuring and Reform Act of 1998;
  - Possession or use of a controlled substance;
  - Violent threats;
  - Fraudulent behavior;
  - Other behavior determined by the Secretary; or
  - Seriously delinquent tax debt that is not being adjudicated or being paid in a timely manner.
- The bill also clarifies what constitutes as “necessary to protect the integrity of the Service” for the purpose of the IRS bargaining agreement with the National Treasury Employees Union (NTEU), by stating that the withholding of bonuses for serious misconduct or tax delinquency fulfills that condition.